AUGUST 17, 1987

CableVision

C4722-2
8/13/87

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

MTV GOES GLOBAL

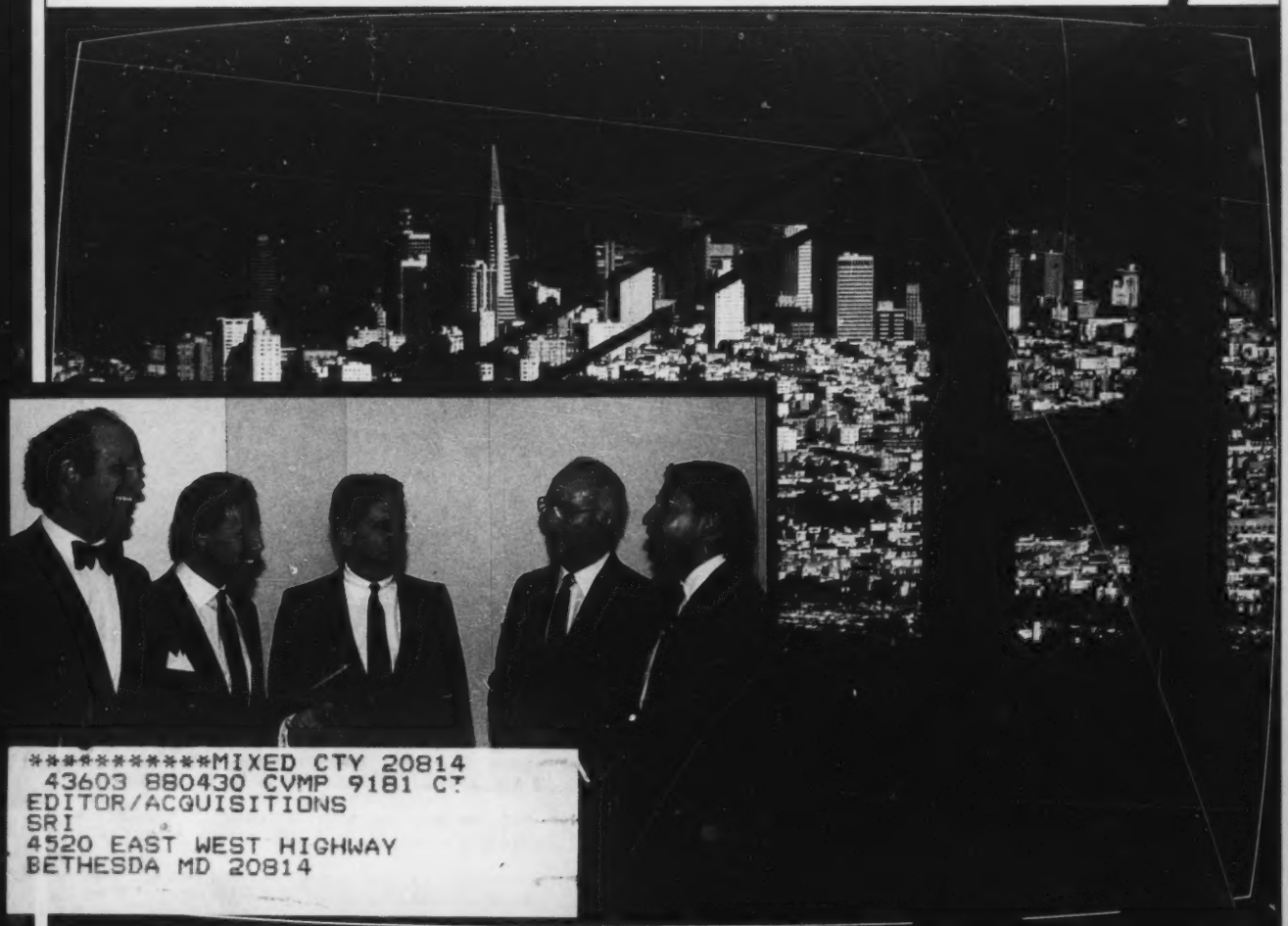
MARKET RESEARCH ENTERS A NEW AGE

REDSTONE AND BIONDI PLOT STRATEGY

$1 BILLION TBS RESTRUCTURING IN PLACE

WHY HOLLYWOOD WON'T RISK PEACE ON COPYRIGHT

CHECKING IN WITH CTAM: MARKETING TAKES THE DRIVER'S SEAT



**********MIXED CTY 20814
43603 880430 CVMP 9181 CT
EDITOR/ACQUISITIONS
SRI
4520 EAST WEST HIGHWAY
BETHESDA MD 20814

CableVision

FRONT LINE

The people meter report 12
Early returns from Nielsen's people meter sample show significant network television under-delivery in cable homes, a development important to cable advertising efforts.

Tom and Jerry and Ted 12
Ted Turner is a movie mogul again, but this time it's more of a cat and mouse game as he teams with Hanna-Barbera.

Mooney lashes out at INTV 16
The FCC opens its inquiry into the compulsory license with cable interests and the NAB suggesting that the license remain on the books. But INTV says compulsory licensing should be eliminated for all but local signals, prompting NCTA's Jim Mooney to complain about bad faith.

Turner restructuring in place 20
Following the annual stockholder's meeting, TBS should have in place by early fall a restructuring package to cover about $1 billion in financing.

The cable/cellular tie 24
Is cellular radio a logical diversification move for cable companies? They both present similar investment patterns, require franchises and are experiencing similar appreciations. But the entry cost is steep.

Departments

Between the Lines 6
Cablescope 11
Stats 37, 88
Classifieds 81
People 85
Products 86
Events 87
Ad Index/From Washington 89

PROGRAMMING

MTV goes across the pond 30
Do Europeans really want their MTV? Tom Freston thinks so, and is launching the music video channel in 14 nations from the U.K. to Norway to West Germany. And talks are underway with Russia. But is there a pan-European advertising market?

Facelift coming for VH-1 32
To counter disappointing ratings and tighten the network's focus, VH-1 is ready to rock and roll with a new image, graphics and an on-air look that is described as "the kind of thing you'd see from Calvin Klein."

MANAGEMENT

New tools for a new age 58
Familiar with these terms? Target marketing, segmentation, geocoding. If not, you're not keeping pace with the new tools of marketing management. Many systems are employing these and other techniques to lift penetration.

An apple for the videodisc 61
Jones Intercable has a new teacher to train installers, technicians and CSRs: a computer. And the company's interactive video program is paying off in lower costs and training that seems to stick.

LAW AND REGULATION

Copyright negotiations look bleak 62
Cable and Hollywood are once again at the bargaining table over cable copyright. But while cable shows signs of flexibility this time around, the issues for Hollywood go far beyond copyright.

Trouble in the Senate 66
Scrambling legislation gains momentum as Gore's bill picks up key co-sponsors on both sides of the aisle.

BUSINESS AND FINANCE

Redstone, Biondi map plans 67
"It's an area that both of us are very excited about," Sumner Redstone says of the international markets he and new CEO Frank Biondi are exploring. How soon will this occur? "Ten years? How about six months," Redstone tells us.

Exclusively on Showtime 68
After the applause died down from the appointment of Winston (Tony) Cox as the new head of Showtime/The Movie Channel, some began wondering if the network's film strategy would change. The answer: not likely.

COVER STORY

CTAM in San Fran 40
"Ninety percent of this game is half mental," Yogi Berra once said about baseball. Transposing that thought to cable, you could say that 90 percent of cable nowadays is marketing, especially after sitting down with the leaders of CTAM to hear where that organization is headed and the challenges it's addressing.

Photo by Candace Drake/
Composition by Don Ruth

Film product comparison-September

Film	Pay Networks					Distributor
9 1/2 Weeks		ST	(TMC)			TBS
About Last Night	HBO				Max	Tri-Star
Agnes of God	*HBO				(Max)	Columbia
Aladdin and His Magic Lamp		ST				J Brenner
Alfie			TMC	(DIS)		Paramount
Aliens	*HBO	(ST)	(TMC)		(MAX)	20th Century-Fox
Almost You	HBO		TMC			20th Century-Fox
American Anthem	*HBO					Columbia
An American in Paris		(ST)		DIS		MGM
Angel and the Badman			(TMC)	(DIS)	*MAX	Hal Roach
Animals are Beautiful People	(HBO)				MAX	Warner Bros
Another Woman's Child	HBO					Televentures
April Fool's Day		(ST)	*TMC			Paramount
Archer				*DIS		New World
Armed and Dangerous					MAX	Columbia
Armed Response	HBO					Cinetel
Awakening, The	HBO					Warner Bros
Baby...Secret of the Lost Legend	(HBO)	(ST)	(TMC)	DIS		Disney
Back to the Future	*HBO	(ST)	(TMC)		(MAX)	Universal
Back to School	(HBO)	(ST)	*TMC		*MAX	Orion
Band of the Hand	*HBO				(MAX)	Tri-Star
Belizaire the Cajun			TMC			New Century
Bells Are Ringing		(ST)	TMC		(MAX)	MGM UA
Best of Times, The			*TMC			Universal
Betrayed		ST				MGM UA
Beverly Hills Cop		ST	(TMC)			Paramount
Biggest Bundle of Them All, The					MAX	MGM UA
Bill Cosby "Himself"		*ST	(TMC)		(MAX)	20th Century-Fox
Billion For Boris, A				*DIS		Film Gallery
Birch Interval	HBO					Vestron
Black and White in Color			*TMC			Centerpoint
Black Venus					MAX	Playboy
Blue City		(ST)	TMC			Paramount
Bolero					MAX	Cannon Films
Born American	HBO		TMC			New Century
Born Free	(HBO)				MAX	Columbia
Bridge on the River Kwai, The	(HBO)		(TMC)	(DIS)	MAX	Columbia
Bridge to Teribethia				*DIS		Wonderworks
Bring on the Girls			TMC			Universal
British Rock the First Wave					MAX	Fox Lorber
Bronco Billy	HBO		(TMC)		(MAX)	Warner Bros
Brothers By Choice				*DIS		Atlantis
Call Me Mister				*DIS		20th Century-Fox
Can You Hear the the Laughter?			*TMC			Viacom
Care Bears II: A New Generation				*DIS		Columbia Pay TV
Certain Fury	(HBO)				MAX	New World
Champagne for Two					MAX	Astral Films
Chautauqua Girl				DIS		Canadian Broadcasting
Chisum			TMC		MAX	Warner Bros
Choose Me		ST	TMC			Lorimar
Christmas Lillies of the Field		ST				Viacom
Class			TMC		MAX	Albacore
Class of Nuke'em High			TMC			Troma
Clockwork Orange,A			TMC			Warner Bros
Club Paradise	*HBO					Warner Bros
Comedians, The		ST				MGM UA
Creator	(HBO)	(ST)	(TMC)		MAX	Universal
Cry Rape!					MAX	Warner Bros
Cut and Run	(HBO)				MAX	New World
Dangerously Close		(ST)	*TMC			Cannon Pay TV
Danny				*DIS		Castle Hill
Dead-End Drive-In					MAX	New World
Deathtrap			*TMC			Warner Bros
Desert Bloom	(HBO)				MAX	Columbia
Diane					MAX	MGM UA
Dirty Dozen, The			TMC		MAX	MGM UA
Dog Who Stopped the War, The				DIS		Miramax
Dragonslayer	HBO	(ST)	TMC	*DIS		Paramount
Dream Lover	HBO		*TMC		(MAX)	MGM UA
Dreamchild	HBO					Thorn-Emi
Dresser, The			TMC			Columbia
Duchess of Idaho, The			(TMC)	*DIS		MGM UA
Echo Park		(ST)	*TMC			Atlantic
Electric Dreams		ST	(TMC)		(MAX)	MGM UA
Electric Grandmother				DIS		LCA
Eliminators			*TMC			DEG
Elmchanted Forest, The	HBO					Fantasy

Film	Pay Networks					Distributor
Emerald Forest, The		(ST)	TMC			Embassy
Emmanuelle IV		(ST)			MAX	MGM UA
End of the World Man				*DIS		Miramax
Escape In Florence				*DIS		Disney
Escape to Witch Mountain				*DIS		Disney
Except for Me and Thee		ST				Lorimar
Exorcist, The					*MAX	Warner Bros
Extremities		ST	TMC			Paramount
F/X	HBO		TMC		(MAX)	Orion
Fanny and Alexander			TMC			Embassy
Fast Forward	HBO					Columbia
Flashpoint					MAX	Silver Screen
Flight of the Navigator				*DIS		Disney
Fly, The	HBO	ST	TMC		MAX	20th Century-Fox
Fool For Love		ST	(TMC)			Cannon
For Heaven's Sake		ST	(TMC)			Viacom
Funeral In Berlin			TMC			Paramount
Game of Death	(HBO)				MAX	Columbia
Gig, The	HBO				(MAX)	Castle Hill
Girl Happy		ST				MGM UA
Girl on the Edge of Town	HBO					Orbis
Gold of Naples, The		ST	(TMC)			DEG
Goodbye Mr. Chips			TMC			MGM UA
Grand Prix					MAX	MGM UA
Great Bank Hoax, The					MAX	Warner Bros
Great Love Experiment	HBO					Scholastic
Groove Tube, The					MAX	Pickman Film
Half Moon Street			TMC			Presser
Happy Hooker Goes Hollywood, The		(ST)	TMC			Cannon Pay TV
Happy Hooker Goes to Washington,The		(ST)	*TMC			Cannon Pay TV
Hardbodies	(HBO)	ST				Columbia
Hasty Heart, The		ST				Warner Bros
Head Office	(HBO)				MAX	Silver Screen
Heated Vengeance	(HBO)		(TMC)		MAX	Media Home Ent.
Hero Ain't Nothin' But A Sandwich	HBO					UPA Productions
Hey There,It's Yogi Bear				DIS		Clubhouse Pictures
Hideaways, The		ST				Telepictures
Hit, The			TMC		MAX	Columbia
Hitcher, The	(HBO)				MAX	Silver Screen
Hoboken Chicken Emergency, The				DIS		Wonderworks
Hollywood Ghost Stories			TMC		MAX	Castle Hill
Hollywood Knights, The	(HBO)				MAX	Columbia
Hot Millions		(ST)		*DIS	(MAX)	MGM UA
House of the Long Shadows			TMC			Viacom
How the West Was Won					MAX	MGM UA
How to be a Perfect Person in Just Three Days				*DIS		Wonderworks
Hurry Sundown					MAX	Paramount
I Confess		(ST)	TMC			Warner Bros
I Love You Alice B. Toklas					MAX	Warner Bros
I, Desire	HBO					Columbia
If Ever I See You Again					MAX	Columbia
Illegal		ST				MGM UA
In Search of the Golden Sky	HBO					TMS Pictures
Invitation to Dance		ST				MGM UA
Iron Mistress, The		ST	(TMC)		(MAX)	Warner Bros
It's Not the Size That Counts		*ST				J. Brenner
Ivanhoe					MAX	Columbia
Jagged Edge	HBO					Columbus
Jake Speed	*HBO				(MAX)	New World
Jean Sheperd's Phantom of the Open Hearth				*DIS		WCVB Boston
Jesus			*TMC			Warner Bros
Jo-Jo Dancer Your Life is Calling	HBO				(MAX)	Columbia
Joy of Sex		ST				Paramount
Just Between Friends	HBO		(TMC)			Orion
Katy				DIS		Kodiak FIlms
Kid Colter	(HBO)	ST				The Movie Store
Killer Party					MAX	MGM UA
King of the City		(ST)	TMC			Lorimar
Kiss of the Spider Woman		(ST)	*TMC			Embassy
Krush Groove	HBO				(MAX)	Warner Bros
Ladies Man, The					MAX	Paramount

Film	Pay Networks						Distributor
Lady L		ST					MGM UA
Laura		ST					Group Films
Legal Eagles	HBO	ST					Universal
Let Us Live						MAX	Columbia
Light Blast			TMC				Lorimar
Lion of Africa, The	*HBO						Luger
Littliest Outlaw,The					DIS		Walt Disney Company
Long Gone	*HBO						Landsburg
Lots of Luck					*DIS		Disney
Lucas	(HBO)		*TMC			(MAX)	20th Century-Fox
Lust in the Dust						MAX	New World
Malibu Express		(ST)	TMC			(MAX)	W.J.Donnelly
Man With One Red Shoe	HBO	(ST)	(TMC)			(MAX)	20th Century-Fox
Mandela	HBO						Titus
Manhattan Project,The	*HBO	(ST)	(TMC)				20th Century-Fox
Manhunter		*ST					DEG
Marlowe		(ST)				MAX	MGM UA
Maryland					*DIS		20th Century-Fox
Mask	(HBO)		TMC			(MAX)	Universal
Maxie	HBO					(MAX)	Orion
Meet Me After the Show					*DIS		20th Century-Fox
Misadventures of Merlin Jones					*DIS		Disney
Missing in Action						MAX	Cannon Films
Misunderstood			*TMC			(MAX)	MGM UA
Molly Maguires, The			TMC			(MAX)	Paramount
Money Pit, The	*HBO	(ST)	(TMC)			(MAX)	Universal
Morons From Outer Space	HBO					(MAX)	Thorn-Emi
Mr. Love	HBO					(MAX)	Warner Bros.
Mrs. Barrington		*ST					Film Gallery
Murphy's Romance	(HBO)					MAX	Columbia
Mussolini: The Decline and Fall	HBO						Rai Radio
My American Cousin		*ST				(MAX)	Ind. Prod.
New Maverick, The						MAX	Warner Bros.
Night in Heaven,A						MAX	20th Century-Fox
Night of the Creeps	HBO						Universal
Night Shift			TMC			(MAX)	Warner Bros.
Nights in White Satin	HBO						Fox Lorber
Ninja III The Domination	(HBO)					MAX	Cannon Films
Nobody's Fool		*ST					Lorimar
Nomads		(ST)	*TMC				Atlantic
Nothing But The Truth			TMC				Universal
Nothing in Common	*HBO					(MAX)	Tri-Star
O.Henry's Full House			(TMC)	*DIS			20th Century-Fox
Old Enough	HBO						Film Gallery
Oliver's Story						MAX	Paramount
On The Edge	(HBO)					MAX	Skouras Pics
One Eyed Jacks			TMC				Paramount
One of Our Dinosaurs is Missing					DIS		Walt Disney Company
Only When I Laugh						MAX	Columbia
Out of Africa		ST	(TMC)			(MAX)	Universal
Over the Moon					DIS		Samuel Goldwyn
Pale Rider	(HBO)	(ST)	TMC			(MAX)	Warner Bros.
Park is Mine, The	HBO						Astral
Parting Glances			TMC			(MAX)	Cinecom
Patch of BLue,A		ST				MAX	MGM UA
Peep Show		*ST					Film Gallery
Perfect Timing		ST	(TMC)			(MAX)	Film Gallery
Period of Adjustment		ST				MAX	MGM UA
Perri					*DIS		Disney
Pirates of Tortuga, The					*DIS		20th Century-Fox
Platypus Cove		(ST)	TMC	(DIS)			Miramax
Players	HBO						Paramount
POW The Escape		*ST	(TMC)				Cannon
Pray For Death	HBO					(MAX)	Pray Dall
President's Analyst,The						MAX	Paramount
Pretty in Pink			*TMC				Paramount
Prizzi's Honor	(HBO)	*ST	(TMC)				Universal
Protector, The	HBO					(MAX)	Warner Bros.
Purple Hearts			*TMC			(MAX)	Warner Bros.
Quarterback Princess						MAX	Televentures
Quicksilver	HBO					(MAX)	Columbia
Rage			*TMC				Warner Bros.
Rappin'	HBO						Cannon
Re-Animator	HBO		(TMC)			(MAX)	Vestron
Rebel Love			TMC				Troma
Red Badge of Courage		(ST)			DIS	MAX	MGM UA
Red Fury, The					DIS		Dayton Stewart
Reform School Girls						MAX	New World
Remo Williams The Adventure Begins	HBO					(MAX)	Orion
Reprisal!						MAX	Columbia
Restless Natives						MAX	Thorn-Emi
Return of the Jedi	HBO	ST				(MAX)	Lucasfilm LTD
Richard Pryor: Here & Now	(HBO)					MAX	Columbia
Right Of Way	HBO						Karpf/Sch
Road Warrior, The	HBO	(ST)	*TMC			(MAX)	Warner Bros.
Rock and Rule		ST					MGM UA
Rose Cafe, The						MAX	Astral Films
Running Brave	*HBO						Disney
Running Scared	*HBO						MGM UA
Ruthless People		*ST	*TMC				Touchstone
Scanners						MAX	Mutual Films
Seance on a Wet Afternoon			*TMC				New Century
Seven Brides for Seven Brothers		(ST)	*TMC	(DIS)		(MAX)	MGM UA
Shadow Play	HBO						New World
Shanghai Surprise						MAX	MGM UA
She's Working Her Way Through College			TMC				Warner Bros.
Sherlock Holmes and the Secret Weapon						MAX	Hal Roach
Short Circuit	(HBO)					*MAX	Tri-Star
Showboat			TMC			MAX	MGM UA
Sidekicks			*TMC				Warner Bros.
Sleepaway Camp	HBO		(TMC)				Sleepaway
Slender Thread, The						MAX	Paramount
Slugger's Wife, The	HBO						Columbia
Some Kind Of Hero						MAX	Paramount
Soupman	HBO						Orbis
Spacecamp	*HBO						ABC
Spaceman in King Arthur's Court,A					DIS		Disney
Sphinx	HBO					(MAX)	Warner Bros.
Stalag 17						MAX	Paramount
Start the Revolution Without Me			*TMC				Warner Bros.
Stewardess School						MAX	Columbia
Stitches	HBO					MAX	R.P.Marcucci
Story of Will Rogers		ST	TMC			(MAX)	Warner Bros.
Strange Invaders			TMC			MAX	Orion
Street Walkin'		(ST)	TMC			(MAX)	Swank
Stripper		ST				(MAX)	20th Century-Fox
Stud, The		ST					Telepictures
Submission		*ST					U.S.Media
Summer of '42			TMC				Warner Bros.
Superfly						MAX	Warner Bros.
Swallows and Amazons Forever, The Big Six					*DIS		Primetime Ent
Sweet Liberty	(HBO)	(ST)	TMC			MAX	Universal
Teacher,Teacher		ST					Henry Jaffe
Teachers		ST	TMC			MAX	MGM UA
Terror By Night						MAX	Hal Roach
Test of Love,A	*HBO						Universal
Texas Chainsaw Massacre Part 2		ST					Cannon
The Frog Prince	HBO						Henson
These Thousand Hills					*DIS		20th Century-Fox
Those Glory,Glory Days		(ST)	(TMC)		*DIS		Film Gallery
Three Men in a Cradle						MAX	S.Goldwyn
Thunder Alley	HBO	ST				(MAX)	Cannon
Thunder in the Valley					DIS		20th Century-Fox
To Live and Die in L.A	(HBO)					MAX	MGM UA
Topper Takes a Trip					DIS		Hal Roach Studios
Torment	HBO					(MAX)	New World
Tough Guys		ST	TMC				Touchstone
Trading Places		ST					Paramount
Trenchcoat	HBO				(DIS)	(MAX)	Disney
Tribute	*HBO						Kudos
Trip to Bountiful,The		(ST)	TMC				Embassy
Trouble in Mind						MAX	Alive Ent.
Truth about Alex,The	HBO						Scholastic
Turning Point, The		*ST	(TMC)			(MAX)	20th Century-Fox
Turtle Diary			(TMC)		DIS	(MAX)	S.Goldwyn Company
Under the Rainbow						MAX	Warner Bros.
Vals, The						MAX	Simcom
Victory	HBO						Lorimar
Vindicator,The	HBO					(MAX)	20th Century-Fox
Warning Sign		ST					20th Century-Fox
Wetherby			TMC				MGM UA
White Knights						*MAX	Columbia
Whoopee Boys,The		ST					Paramount
Wild Geese II	HBO						Thorn-Emi
Yellowbeard	HBO	*ST	(TMC)				Orion
Young Man With A Horn		(ST)	TMC			(MAX)	Warner Bros.
Youngblood	HBO					(MAX)	MGM UA

Cable Network Legend:
HBO—Home Box Office
ST—Showtime
TMC—The Movie Channel
DIS—The Disney Channel
MAX—Cinemax

- Networks in parentheses indicate carriage in April, May, June, July and/or August. An asterisk indicates the film is a carry-over from April, May, June, July and or August.
- In total, 306 films appear on the September schedules of Home Box Office, Showtime, The Movie Channel, The Disney Channel and Cinemax. Of those titles, during the last six months, none has played on all five services, 13 have played on four of the five services, 30 have played on three, and 81 have played on two of the five services. One hundred and seventy titles on the September schedules of these five services were unduplicated in the last six months.
- The motion picture distributor with the most titles is Warner Bros. with 33. MGM UA with 32, Columbia with 24, Paramount with 20, 20th Century-Fox with 18, Universal with 12, and Orion with 6.

Officials suspect hidden agenda by studios

Hollywood seen wanting more than copyright reform to ensure peace

By John Wolfe

Barely 18 months ago, copyright reform negotiations between the National Cable Television Association and the Motion Picture Association of America abruptly broke off when MPAA President Jack Valenti insisted that any deal include a sunset of cable's compulsory license to retransmit broadcast signals.

Now, both sides are again at the table. NCTA President James Mooney and Valenti have met three times for "informal" discussions, and have agreed to continue talking. And the cable industry, according to most insiders, now is willing to demonstrate some flexibility and discuss possible changes to the compulsory license.

But the prospects for meaningful copyright negotiations remain bleak, sources say, because Hollywood may not be willing to trade copyright reform for a larger agenda: persuading the government to shackle cable's growth and power as a producer and distributor of video product.

The copyright question, which had been a "major battle" between cable and Hollywood, now has become "but a skirmish in the face of larger issues" between the two industries, one Washington insider observed. As a result, peace with cable on those other issues may be too high a price for Hollywood to pay merely for copyright reform.

Before Valenti and Mooney terminated their talks in early 1986, both industries had been on the brink of a comprehensive copyright reform package based on a flat monthly fee for larger cable systems of about 12 cents per subscriber per distant signal equivilant. The flat fee approach would have replaced the Copyright Royalty Tribunal's current method of basing fees for distant signals on a percentage of a system's gross receipts.

That plan was scuttled when cable and Hollywood reached their current impasse over the compulsory license. The intervening 18 months, however, have seen not only an escalation of rhetoric between the two industries, but also the emergence of several trends which indicate that for a large part of the cable industry, the deep dependence on the compulsory license to import distant broadcast signals may be waning.

"I don't think anybody in the cable industry seriously expects that the compulsory license for distant signals will last forever," observes Steve Effros, president of the Community Antenna Television Association. "We're all going beyond that," Effros said. "You leave it alone, and it will go away by itself."

Many industry observers predict that cable's well-publicized push for cable-exclusive "punch-through" programming, coupled with growing operator investment in basic networks, eventually will make distant signals—especially superstations—much less crucial to operators. And as the reliance on distant broadcast signals fades, so too will the importance of the compulsory license.

Indeed, major industry players, such as Tele-Communications Inc. President John Malone, have indicated a willingness to consider changes in the compulsory license for distant signals. Malone and other cable officials involved in the bail-out of Turner Broadcasting System have speculated recently that Turner superstation WTBS could eventually be converted into a copyright-paying basic cable network.

Such a move likely would force operators to pay more for WTBS, but it would also allow them to sell local ads on one of the most popular basic networks. It would also further lessen the importance of the compulsory license, several sources noted.

Also, the recent rash of new cable networks, many funded by operator seed money, has helped place a premium on shelf space at many cable systems. A drastic reduction in the amount of distant signals carried, while likely to cause subscriber disgruntlement, would also open a path for new networks to reach the home. "That quest is not aided by a preponderance of distant signals," one broadcasting executive wryly noted.

Reform advocates

To copyright reform advocates, such as Cablevision Systems Corp. Chairman Charles Dolan, the trends "suggest that the industry is better able to support its own programming needs, and doesn't need to borrow from broadcasting."

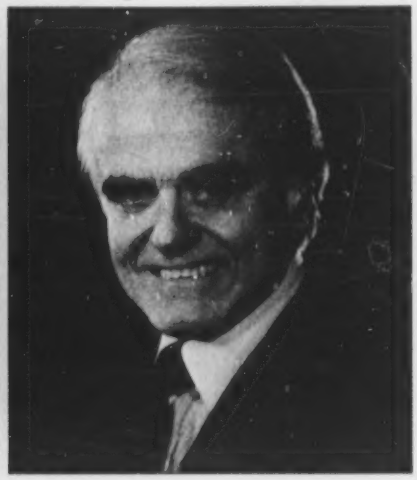
According to Dolan, the time to demonstrate flexibility concerning the compulsory license has arrived. "The idea that we would insist in perpetuity that we would need a compulsory license at all costs," he argues, "is not in our best interests."

Continued from page 62

But Dolan and other industry officials stress that while the trends may point toward a gradual shift away from a reliance on distant signals, no industry consensus has developed yet which would back any changes in the compulsory license. "There is still a great concern in the industry about perpetuating the compulsory license," Dolan observes. "I haven't seen any real movement."

One cable industry official in Washington notes that any changes in the right to import distant signals likely will meet stiff resistance from small, rural operators. The industry has demonstrated flexibility on the compulsory license, he says, "but my guess is that there is less (flexibility) than it appears."

Jim Mooney



Jack Valenti

The effort to hammer out an industry consensus on copyright will be a slow process, taking place "over the next couple of months—or years," predicts Jim Cownie, NCTA chairman and president of Heritage's Telecommunications Group. The NCTA board of directors, Cownie says, has chosen "the bluest of blue-ribbon committees," chaired by Continental Cablevision Chairman Bud Hostetter, to explore the issue. Hostetter ould not be reached for comment.

CATA will devote much of its board meeting later this month to copyright issues. "The compulsory license as we know it today has a limited lifespan," Effros predicts, noting that it is already becoming less important in the major markets. "But that's not true in the smaller markets," he quickly adds.

Although no consensus has emerged, it is becoming apparent that only the compulsory license for distant signals in major markets is negotiable. The cable industry, Effros says, will not accept "draconian" changes in its copyright status.

Local signal licenses

"There will still have to be a compulsory license for local signals," Effros says. That point has been echoed by the broadcasting industry, which has loudly protested cable's right to import distant signals. For example, the Association of Independent Television Stations' position is that the compulsory license should be retained—but only for an "expanded universe of local stations," according to INTV President Preston Padden.

Small operators in rural markets also need the compulsory license, since those systems typically rely more heavily on imported distant signals. "I don't think there will be any serious argument against a compulsory license for distant signals outside the major markets," Effros maintains. Bob Thomson, TCI vice president of government affairs, adds another condition: protection for "regionally important" distant signals.

The task of copyright reform was made more problematic by the July 31, 1986, decision by U.S. District Court Judge June Green, who ruled that cable operators need not calculate royalty payments from revenues which were not directly attributable to the carriage of broadcast signals. That decision, according to most estimates, slashed the copyright payments of a typical cable operator from 45 percent to 60 percent per year. In 1985, for example, the industry paid more than $103 million to copyright owners; in 1986, based on Green's decision, copyright payments totalled only $58.8 million.

The copyright compromise nearly reached in January 1986 would have been "revenue neutral," using the 1985 figures as a benchmark. Now, however, it may be more difficult to get cable operators to agree to a royalty pool that large, observers note.

Rhetoric wars

"We had a perfect situation 18 months ago," Effros explains. "All the parties were in relatively equal bargaining positions, and it gave a good impetus to reach an agreement." But that all changed, he adds, when MPAA's Valenti chose to "go on the offensive against cable."

Indeed, it was shortly after the collapse of the copyright talks that Valenti launched his "war on all fronts" against the cable industry. And due at least in part to his efforts, the Federal Communications Commission may consider the policy ramifications of cable concentration, Congress will

...Money out

	1980	1981	1982	1983	1984	1985
MPAA	$13,480,491	$20,885,117	$27,702,309	$47,798,235	$58,398,484	$82,012,906
Multimedia	223,975	344,852	284,126	486,744	489,249	687,085
NAB	1,011,884	1,557,990	2,053,833	4,016,398	4,834,111	5,676,746
SIN	97,989	150,873	198,888	0	0	0
Joint Sports	2,999,650	4,618,535	6,088,414	11,860,298	14,450,099	15,011,673
PBS	1,049,887	1,616,501	2,129,854	3,772,083	4,595,750	3,493,367
Music	849,907	1,308,595	1,725,056	3,264,302	3,977,091	5,078,204*
Devotional	149,990	230,938	410,005	797,941	972,178	911,598**
Canadian	70,239	108,146	304,429	544,050	662,849	561,390

* 1 percent not distributed ** Not distributed

Source: Copyright Royalty Tribunal

Court asked to affirm fee allocation ruling

WASHINGTON—The National Cable Television Association has urged the U.S. Court of Appeals here to uphold a lower court decision requiring cable operators to compute copyright payments for broadcast signals based solely on revenues directly attributable to broadcast retransmission. That decision by U.S. District Court Judge June Green effectively cut cable's copyright payments in half.

The controversy stems from a suit filed by Cablevision Systems Corp. which challenged the U.S. Copyright Office's interpretation that under the compulsory license, cable operators must pay royalties based on the gross receipts from all tiers which include one or more retransmitted broadcast signals. NCTA intervened, claiming that royalties should be derived from revenues reasonably attributed to broadcast station carriage.

Green endorsed NCTA's position, ruling on July 31, 1986, that a policy requiring cable systems to pay royalties based on both broadcast and non-broadcast programming constituted an "inequitable double payment" to copyright owners. That ruling slashed cable copyright payments from a record high of $103.4 million in 1985 to $58.8 million in 1986. Not suprisingly, MPAA and its member studios appealed.

Green also ordered the Copyright Office to amend its definition of "gross receipts" to comply with her interpretation. The Copyright Office, however, has joined MPAA's appeal and has not yet changed its rules.

In its brief supporting Green, NCTA argued that when Congress included the compulsory license as part of the 1976 Copyright Act, it intended for cable to pay royalties "only on the basis of cable receipts for the carriage of broadcast signals." The fact that cable copyright payments have been reduced, NCTA said, is also consistent with congressional intent.

The revenue figures intended by Congress, NCTA claimed, were based on the value to the cable industry of retransmitting broadcast programming. And while total cable revenues have increased substantially since the Copyright Act was enacted, "the relative importance of broadcast retransmission in creating that revenue has declined dramatically," NCTA told the court, "as the number of nonbroadcast satellite networks available to cable has expanded."

NCTA also disputed MPAA's assertion that cable operators could avoid copyright payments for non-broadcast programming by marketing that product on a separate tier. "Congress did not intend," the association asserted, "that the only alternative to a double payment be an unacceptable marketing practice."

In its filing, Cablevision claimed Congress intended operators to pay royalties from revenues only attributable to basic. In the Copyright Act, "Congress explicitly equated the term 'basic service' not with the carriage of all broadcast signals," Cablevision argued, "but with the 'minimum service'" tier offered to all subscribers.

In 1979, Cablevision had split its offering of broadcast signals, keeping all local stations on its basic tier and packaging distant signals and basic networks on an optional tier. The MSO then computed royalties for those distant signals based on revenues from its lowest tier.

MPAA, claiming that Cablevision intentionally split its tiers to reduce its copyright obligation, filed suit for copyright infringement. That claim, however, was dismissed by Green as part of her July 1986 ruling.

Continued from page 64

hold broad oversight hearings on cable deregulation this fall, and many regulators and legislators appear sympathetic toward creating competition for local cable operators.

It was against the backdrop of political pressure on a host of policy fronts, observers note, that NCTA this summer chose to re-open the copyright dialogue with Valenti. A chief objective of the discussions, industry officials have maintained, was to end the inter-industry rhetorical warfare.

In order for cable to sign off on any modifications to the compulsory license, one industry insider claims, Hollywood "has to offer peace."

However, indications are that peace with Hollywood on issues ranging from cable concentration to control of programming outlets to a lack of head-to-head competition between operators may not be negotiable. "There really are two issues," one top-level studio executive says. "One is copyright." The other? "Each cable operator is the gatekeeper," the executive claims, "and if you want to gain access to the market, you have to go through cable."

And ironically, cable's evolution into an industry less dependent on distant broadcast signals may also hamper chances for copyright reform. "What's going to happen," one insider predicts, "is that the motion picture industry is going to realize that cable isn't really giving up anything" by surrendering the compulsory license.

Hollywood's long-term concerns over cable's growing market power—sparked by the increasing influence wielded by the largest MSOs—now may outweigh the potential short-term economic benefits the studios would reap from copyright reform, sources observe. And on those issues, some officials claim, MPAA may find that its best bet to check cable's growing strength may lie in continued hostilities in Washington.

"I have not discerned any move toward compromise" by MPAA, one broadcast industry lobbyist says. "I would expect a rather prolonged period of conflict which transcends the compulsory license."

Indeed, one indication of the depth of MPAA's concern was the organization's recent decision to back S.889, legislation in the Senate which would mandate third-party access to scrambled satellite programming. MPAA previously had opposed the bill, and the reversal, one MPAA official notes, indicates how seriously Hollywood views the cable competition issue.

At the root of the motion picture community's concern, apparently, is a perception that program producers eventually will be forced to deal with cable in some fashion in order to reach the home.

"If you're a motion picture producer and you sell a product to a broadcast station, you're no longer certain that it will reach its intended audience," one industry executive explains. "If you sell to a cable network, you probably have to go through operators. It's the same with the backyard dish market."

Hollywood's anti-cable actions in Washington, the executive adds, "is all part of a continuum which is getting at some type of competition" for cable.

As a result, many Washington observers now predict that Hollywood will not risk peace with cable solely for copyright reform, even though many cable executives claim peace on other fronts is a precondition for any compulsory license changes. "The level of concern, as reflected in the level of rhetoric, has gone way beyond posturing," one Hollywood lobbyist says. ■

Cable services subscriber count

Satellite national services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	319	5,805,477
Alternate View Network	238	2,770,000
Arts & Entertainment (A&E)	2,400	24,000,000
Black Entertainment Television (BET)	912	14,900,000
CBN Cable Network	7,710	36,708,000
C-SPAN	2,600	31,000,000
C-SPAN II	420	11,600,000
Cable News Network (CNN)	10,944	41,078,000
Cable Value Network	125	17,733,011
Consumer Discount Network	40	750,000
Consumer Discount Network 2	60	2,000,000
Country Music Television	470	6,700,000
The Discovery Channel	1,909	20,400,000
ESPN	17,000	43,700,000
Eternal Word Television Network (EWTN)	373	6,800,000
Financial News Network (FNN)	1,650	26,100,000
FNN/Score	1,080	19,800,000
FNN/TelShop	700	11,000,000
GalaVision	288	900,000
Gospel Music Network	31	744,447
Headline News	3,265	26,220,000
Hit Video USA	41	1,700,000
Home Shopping Network	1,036	14,182,185
Home Shopping Network 2	229	5,524,000
International Television Network	55	7,000,000
The Inspirational Network	1,300	13,300,000
The Learning Channel	900	9,024,000
Liberty Broadcasting Network	90	1,300,000
Lifetime	3,400	33,000,000
The Motivation Network	7	242,900
Music Television (MTV)	4,709	33,400,000
The Nashville Network	4,800	33,500,000
National Jewish Television (NJTV)	295	6,800,000
National Shopping Club	65	1,500,000
Nickelodeon	5,005	31,700,000
The Nostalgia Channel	215	1,200,000
Ozark Mountain Network	N/A	N/A
QVC Network	531	8,853,000
Silent Network	300	9,134,016
Sky Merchant	12	600,000
Tempo Television	665	12,500,000
The Travel Channel	120	6,000,000
Trinity Broadcasting Network	523	7,073,000
USA Network	9,200	39,000,000
Video Hits One (VH-1)	1,588	17,300,000
Video Shopping Mall	60	23,000,000
The Weather Channel	2,750	28,151,540
WGN-TV	10,061	22,481,000
WOR-TV	2,162	9,258,590
WPIX-TV	347	2,471,000
WTBS-TV	11,991	41,952,000
Pay services		
American Movie Classics	1,000	6,000,000
Bravo	300	450,000
Cinemax	3,650	4,100,000
The Disney Channel	4,300	3,175,000
Festival	N/A	N/A
Home Box Office (HBO)	6,700	15,000,000
The Movie Channel	3,250	3,250,000
The Playboy Channel	600	550,000
Showtime	3,200	5,400,000
Audio services		
Cable Radio Network	34	1,630,000
JazzAmerica	N/A	N/A
KKGO Super Jazz	15	123,560
Moody Bible Institute	59	868,516
National Black Network	N/A	N/A
Satellite Radio Network	251	740,000
Seeburg Lifestyle	151	2,465,273
Seeburg Lifestyle Adult Contemporary	25	536,227
Tempo Sound	300	1,000,000
WFMT Chicago	168	1,343,000
Text services		
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP Business Watch	20	500,000
AP News Plus	75	2,100,000
Cable SportsTracker	34	2,332,000
DBC/MarketWatch	240	5,000,000
Electronic Program Guide (EPG)	407	7,042,000
EPG Jr.	114	124,786
Genesis Cable Storytime	35	1,350,000
Reuters News View	127	2,437,000
TV Decisions	170	6,300,000
UPI Data Cable	450	4,000,000
X*Press	60	1,000
X*Press Exchange	200	1,000,006

Non-satellite-fed national services

Bicycled services	Affiliates	Subscribers
Cable Auto Showcase	5	400,000
Cable Video Entertainment	170	6,500,000
Fuji Network	3	12,000
Nippon Golden Network	3	12,000
Telaction	N/A	N/A
Vector Consumer News	5	200,000
Vector Consumer Shopping Guide	9	325,000

Regional entertainment services

Basic services	Affiliates	Subscribers
Atlanta Interfaith	7	156,000
Bay Area Religious Channel (BARC)	6	113,000
Buffalo Sabres Hockey	9	400,000
Cable TV Network of New Jersey	36	1,275,174
The Ecumenical Channel	12	170,000
KTVT	209	1,891,000
Life Newsvision	35	50,000
Madison Square Garden	90	2,015,000
Meadows Racing Network	14	446,000
News 12 Long Island	7	500,000
Prime Cable	8	325,865
Prime Ticket	30	1,600,000
SportsVision (Chicago)	45	939,400
Pay services		
Dodgervision	44	935,000
Giantsvision	38	1,000,000
Home Sports Entertainment—Houston/Dallas	119	216,000
Home Team Sports	100	600,000
New England Sports Network	159	181,482
PRISM-Philadelphia	86	379,004
Pro-Am Sports	120	115,000
SportsChannel (New England)	140	710,000
SportsChannel (New York)	77	842,000
Z Channel	21	84,000

Announced services

Satellite-fed services	Expected launch
Americana Network	2nd Quarter 1988
American Catalog Network	3rd Quarter 1987
Apollo Entertainment Television	TBA
Comedy Television	2nd Quarter 1987
Discovery Computer Network	1987
Discovery Financial Network	1987
Drive-In Movie Channel	2nd Quarter 1987
El Canal Musical	4th Quarter 1987
Ethnic Radio Networks	1st Quarter 1987
The Fashion Channel	8/87
International Cablecasting's Cable Radio Network	9/87
Movietime	7/87
Pay Per View Partners	4th Quarter 1987
The Preview Network	4th Quarter 1987
Television Catalog	1st Quarter 1988
Tunnelvision	10/87
United Shoppers of America	9/87
Vacation Travel Network	4th Quarter 1987
World Travel Network	4th Quarter 1987
You TV	1/88

Note: Figures for affiliate and subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Attention Cable Stats, P.O. Box 5208-T.A., Denver, CO 80217.
N/A denotes information not available. TBA denotes to be announced.

PARTING WORDS

Public TV's fading image

For cable operators who have had carriage and/or channel position disputes with public TV stations, this probably falls under the category of suspicions confirmed: "It is a billion-dollar-a-year enterprise that seems permanently in danger of financial collapse. It employs almost 10,000 people at more than 300 stations nationwide, but seldom gets more than 3 percent of the television audience."

"It," of course, is the U.S. public television system, and *TV Guide*, after four months probing and interviewing "close to six dozen sources," has concluded that public television is in trouble. "Can it survive?" *TV Guide* asks archly.

There are many reasons why public TV is in trouble, and cable is one of them, *TV Guide* says. "A decade ago, public television enjoyed a virtual monopoly on the nation's cultural programming. That is not true today." The general manager of a Chicago PTV station is quoted as saying "What once was ours is no longer ours. We now compete with cable and with high-quality independent stations both for programming and for audience."

One of the most stunning revelations in the *TV Guide* article concerns how much—or how little, actually—money that public television spends on program production and acquisition. Of the $173 million that the Corporation for Public Broadcasting (PTV's funding arm) received from all sources in 1985, only $29 million—less than 17 percent went directly into programming, *TV Guide* says.

How much does the cable industry spend on programming? Roughly the same percentage, as it turns out: Upwards of $2 billion out of a total of about $11 billion in annual revenues. But that's an apple-and-oranges comparison because public television has no need of a hard-wire distribution system, it pays no franchise fees and doesn't employ CSRs.

A Comment:

Even cable partisans cannot take much joy from seeing their PTV brethren so publicly skewered. Since cable is being fingered as part of the problem, could not Congress put the arm on cable to solve PTV's funding problem? Odder things have happened.

1986 First Half VCR Sales:
5,975,242

1987 First Half VCR Sales:
5,690,707

Overall VCR sales were dragged into the negative for the first time this year by weak June sales of 1,019,954, down 3 percent compared to June 1986, EIA figures show.

VCR craze unreeling

Everything that goes up must come down, apparently even VCR sales as well as tape sales and rentals.

"VCR Sales Take First Big Drop," reads the headline in *Variety* in a story reporting Electronic Industries Association figures showing dealers sold 5,690,707 machines in the first half of this year, off 5 percent from a year ago. "It's the first time since the infant days of the homevid business VCR sales have been down over such an extended period," *Variety* observed.

And another *Variety* story in the same issue notes that tape sales recently have been less than red hot: "While the 'A' business (blockbuster titles) hasn't wilted over the summer, some distribs say the 'B' films and catalog segments of the industry—wobbly at best over the past couple of years—went into an alarming tailspin over the summer."

This can't rightly be judged as a trend, though, until another shoe drops. And drop it did with a *Business Week* feature last month entitled "Hollywood's Video Boom is Stuck on Pause." Only three years after the cassette business began adding $2 billion a year in revenues to Hollywood coffers, *Business Week* said, "a shakeout has begun."

"Retailers have already seen sales slow for (VCRs), even though prices have dropped," *Business Week* reported. "And people who now buy VCRs seem more prone to record TV or cable offerings than buy or rent prerecorded tapes."

Studios nowadays are forced into extensive—and expensive—campaigns to move merchandise in a tougher market. Walt Disney will spend $3 million for TV ads to market a series of five half-hour cartoon tapes, the magazine noted.

But if the VCR juggernaut is slowing down, does it necessarily follow that the cable business is taking off again? One need only flip a few more pages into the same *Business Week* issue to hear, in a sidebar to a cover story on the resurgent fortunes of Time Inc., Michael Fuchs crow that "HBO is back."

HBO is "on its way to being boffo again," as the headline indicates, because "videophiles... are tired of the trek to rent cassettes but still want good shows to tape."

A Comment:

While the poor VCR sales and tape rental numbers may be just a blip on the screen, they may well make studio heads sit up and listen to entreaties from cable programmers for a better product window. And while a 5 percent drop in VCR sales may seem small, consider that the difference is enough to supply a machine to every man, woman and child in a city the size of Sacramento, Calif.

They said it

- **"I don't see the power (TCI) is meant to have. Maybe it's different looking from the inside out, but I don't see the power of the Death Star."**

—Stewart Blair, speaking about the supposed clout TCI wields in programming

- **"We're analyzing which of the fast foods would be most adviseable. You need to keep the cleanliness of the eater and your theaters in mind."**

—Allen Pinsker, United Artists theater president, discussing plans for instituting food courts in the company's theaters